

## THE N.C.R.M. AND RURAL CO-OPERATION.

The problem was raised at the South Australian State Conference (1943) and has continued to crop up since, so that a decision is now necessary. The problem is this. If the Movement succeeds in developing co-operatives of all kinds in country districts, will this development not mean the destruction of the small business man? Would this be in accord with Catholic social doctrine?

This is a very real difficulty. The Movement has always stressed the need for pushing co-operation in every sphere. Yet we cannot disguise the fact that if we were successful in setting up co-operative stores everywhere, which would be owned by the farmers in a particular district and operated by employees of the co-operative company, the class of small business man would be first of all reduced and at a later stage it would be almost completely destroyed.

On the other hand there is the fact that something drastic must be done to reduce and eliminate as far as possible the middleman charges which act as a real incubus on the farming community.

A practical example was furnished by the representatives of the West Coast Groups who themselves had conducted a most successful co-operative buying venture. It was the very success of this venture which caused them to request a ruling. They purchased a very large supply of apples numbering some tons from another district in South Australia, after having taken orders for them from all residents of their area who wished to benefit by the plan.

As a result of their mass buying and handling the scheme themselves they were able to reduce the price of apples to consumers in their district from 22/- to 11/- a case. In addition the fact that there was such a great reduction in the price of apples led to a great increase in the demand for them, many more being consumed that year in that district than ever before.

So far the venture was a great success both in the economic and the co-operative sense. But as one of the West Coast leaders pointed out there was the danger that if this procedure were extended, local retail grocers would in the long run be put out of business.

The question was - "Was this desirable?"

There is no doubt that the Church has always favoured co-operative enterprise. Equally there is no doubt that it has always favoured a social system in which the small business man, as well as the small farmer was encouraged. Here it seems that the two ideals are in conflict. How are they to be reconciled?

The suggestion for discussion is this.

The preservation of the small country business man must be an integral part of the N.C.R.M. policy. It should not be our policy to destroy him, since if the business nucleus of the country town is destroyed, its value as a social unit will almost certainly follow. And in these days when the flight from the land is materially assisted by the decline of social life in country districts we cannot afford to allow this to happen.

At the same time if the Rural Movement is to assist in the salvation of the small businessman in the country, he too must play his part to ensure that he is not wholly there for private profit, but primarily to supply a need on the part of the rural community.

The practical proposal is therefore as follows. Taking the example of the co-operative buying plan of the West Coast Groups, it would have been possible for them to point out to the local grocer that his market in apples was very small owing to the prohibitive price to potential customers.

The Group could say to the groengrocer: "By dealing direct with the grower we can get apples delivered at the local station for 11/- instead of the 22/- which they had had to pay the groengrocer previously. The groengrocer had charged such a high price probably through a combination of factors:

1. Desire for profit, at a rate which might have been legitimate but which possibly was too high.

2. This rate of profit in turn would be increased by two factors:

- (a) small demand, menacing low turnover so that to make a living the groengrocer must demand a high rate of profit on his outlay.
- (b) uncertain market, particularly important owing to the fact that apples are perishable goods, and that the people who bought them from the groengrocer would have to pay for the apples which went bad before they were sold.

The Group could point out to the groengrocer that by its co-operative organisation it could cut out most of the factors which led him to make such a high charge.

1. By organising all possible consumers in the district, as it did in getting its own little co-operative group together, it could give the groengrocer a much larger turnover.

2. In addition, it could give him a certain market, thus reducing both the loss on perishables, and the amount of dead stock which he would have had to carry had they been non-perishable.

These two factors should have been sufficient to induce the groengrocer to substantially reduce his price - say to 15/- a case, and at the same time to give him a reasonable profit on the transaction.

Some people might object that if the group could get the apples delivered at the station for 11/- a case, there is no reason why they should pay the extra 4/- simply to keep the groengrocer in business. There is an answer to that. The groengrocer by distributing the goods to the people concerned, and handling the business transaction generally from the time that they arrived at the station would be performing a definite economic service for the co-operative, and the extra 4/- a case or whatever it might be would be the cost of that economic service.

The above is only an example, but it is an example which can readily be applied to the majority of similar transactions in which the farmer is a buyer. In the long run, it is submitted that it would be a far better plan for the rural community that the plan of straight out economic co-operation. Pure economic co-operation would destroy the small country business man, and in his stead build up a series of co-operative stores which would be conducted by wage earners. It is submitted that the economic saving would not be very great and certainly not nearly enough to justify the social losses which it would involve.

Under the suggested plan, the small business man would himself be a co-operator with the local co-operative group. Together they would carry on a voluntary system of price-fixing which would be just to everybody.

Where there are one or more business men in the same line of business in the town they should both be asked to collaborate in the plan and share the market.